

House Study Bill 234

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON DRAKE)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the promotion of biodiesel and E=85 blended
2 gasoline as renewable fuels.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 2837HC 81
5 da/sh/8

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1 1 DIVISION XXIII
1 2 PROMOTION OF RENEWABLE FUELS
1 3 Section 1. NEW SECTION. 15E.401 DEFINITIONS.
1 4 As used in this division, unless the context otherwise
1 5 requires:
1 6 1. "Biodiesel" means the end product achieved through a
1 7 chemical process which produces monoalkyl esters of long chain
1 8 fatty acids derived from plant or animal matter for use in
1 9 diesel-powered engines that meets all of the following
1 10 requirements:
1 11 a. The registration requirements for fuels and fuel
1 12 additives established by the United States environmental
1 13 protection agency under 42 U.S.C. } 7545.
1 14 b. Compliance with the specifications of ASTM (American
1 15 society for testing and materials) international designation
1 16 D=5798=99.
1 17 2. "E=85 blended gasoline" means a petroleum product that
1 18 is gasoline or natural gasoline blended with agriculturally
1 19 derived ethanol which has been denatured, if the petroleum
1 20 product typically contains eighty=five percent ethanol by
1 21 volume but at least contains sixty percent ethanol by volume.
1 22 3. "Off=site terminal facility" means a vehicle facility
1 23 that is used to manufacturer, store, or distribute motor
1 24 vehicle fuel to a service station, if the facility is not
1 25 supplied by a pipeline or a marine vessel.
1 26 4. "Renewable fuel" means an energy source which is
1 27 derived from a biomass that is an organic compound available
1 28 on a renewable or recurring basis, including but not limited
1 29 to agricultural crops, if the biomass when processed may be
1 30 used alone or blended with another product to power machinery,
1 31 including an engine or power plant. "Renewable fuel" includes
1 32 but is not limited to biodiesel or "E=85 blended gasoline".
1 33 5. "Service station" means a geographic location where a
1 34 retail dealer as defined in section 214A.1 operates a metered
1 35 pump at a service station for purposes of selling and
2 1 dispensing motor vehicle fuel as defined in section 214A.1 on
2 2 a retail basis.
2 3 Sec. 2. NEW SECTION. 15E.402 RENEWABLE FUEL
2 4 INFRASTRUCTURE COST SHARE PROGRAMS == E=85 BLENDED GASOLINE
2 5 AND BIODIESEL.
2 6 The department shall establish and administer renewable
2 7 infrastructure cost share fuel programs as follows:
2 8 1. a. An E=85 infrastructure cost share program to
2 9 provide financial incentives for the installation or
2 10 conversion of infrastructure related to equipment or devices
2 11 used by service stations to sell and dispense E=85 blended
2 12 gasoline.
2 13 b. A biodiesel infrastructure cost share program to
2 14 provide financial incentives for the installation or
2 15 conversion of infrastructure required to establish off=site
2 16 terminal facilities that manufacture or store biodiesel for
2 17 distribution to service stations.
2 18 2. The financial incentives provided under this section

shall not exceed fifty percent of the estimated cost or fifty percent of the actual cost, whichever is less, of installing the necessary infrastructure located at a service station or off-site terminal facility. The moneys shall not be used to pay for expenses incurred by the department in administering the programs. In awarding the financial incentives, the department may cooperate with the office of renewable fuels and coproducts pursuant to section 159A.3.

3. For each fiscal year in the fiscal period beginning July 1, 2005, and ending June 30, 2008, the department shall reserve and expend up to three hundred twenty-five thousand dollars of moneys appropriated to the department for purposes of allocating cost share moneys as financial incentives as provided in this section.

a. For each of the fiscal years, not more than two hundred fifty thousand dollars shall be used to support the E=85 infrastructure cost share program. During the fiscal period, the department shall allocate the moneys to at least thirty service stations.

b. For each of the fiscal years, not more than seventy-five thousand dollars shall be used to support the biodiesel infrastructure cost share program. During the fiscal period, the department shall allocate the moneys to at least four off-site terminal facilities.

Notwithstanding section 8.33, any unobligated or unexpended moneys available on June 30 of a fiscal year shall not revert but shall be retained by the department to carry out the renewable infrastructure cost share fuel programs.

Sec. 3. NEW SECTION. 15E.403 RENEWABLE FUEL EDUCATION PROGRAM == E=85 BLENDED GASOLINE AND BIODIESEL.

The department shall establish and administer a renewable fuel education program directed at ultimate consumers of motor vehicle fuel. The program shall promote the advantages associated with using E=85 blended gasoline and biodiesel as an alternative to conventional motor vehicle fuel.

1. The department shall award the moneys on a competitive grant basis as provided by the department. The department may award moneys to one or more persons. The moneys shall not be used to pay for expenses incurred by the department in administering the program. In awarding the moneys, the department may cooperate with the office of renewable fuels and coproducts created under section 159A.3.

2. A person is eligible to be awarded moneys if all of the following apply:

a. The person is a nonprofit corporation organized under chapter 504 which is exempt from taxation pursuant to section 501(c) of the Internal Revenue Code.

b. The person demonstrates a knowledge about all significant aspects relating to the production and use of renewable fuels, and experience in promoting renewable fuels to ultimate consumers.

3. a. For each fiscal year in the fiscal period beginning July 1, 2005, and ending June 30, 2008, the department shall reserve and expend up to one hundred thousand dollars of moneys appropriated to the department for purposes of allocating moneys as awards as provided in this section.

b. Notwithstanding section 8.33, any unobligated or unexpended moneys available on June 30 of a fiscal year shall not revert but shall be retained by the department to carry out a renewable fuel education program.

EXPLANATION

This bill establishes programs for the promotion of renewable fuels and particularly programs for biodiesel and E=85 blended gasoline to be administered by the department of economic development.

The bill establishes a cost share program to provide financial incentives for the installation or conversion of infrastructure used by service stations to sell and dispense E=85 blended gasoline. It also establishes a cost share program to provide financial incentives for the installation or conversion of infrastructure required to establish off-site terminal facilities which manufacture or store biodiesel for distribution to service stations. The bill provides that for each of three years, the department must reserve up to \$325,000 for purposes of supporting the programs.

The bill also establishes a renewable fuel education program directed at ultimate consumers of motor vehicle fuel in order to promote the advantages associated with using E=85 blended gasoline and biodiesel as an alternative to conventional motor vehicle fuel. The department must award the moneys on a competitive grant basis to qualified nonprofit

4 30 organizations. The bill provides that for each of three
4 31 years, the department must reserve up to \$100,000 for purposes
4 32 of supporting the program.
4 33 LSB 2837HC 81
4 34 da:rj/sh/8